

# LIHEAP Payment Process Improvements

**Louisiana Housing Corporation**

Management Innovation: Internal Operations

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### **LIHEAP Payment Process Improvements**

The Louisiana Housing Corporation (LHC) revamped its internal procedures for the Low-Income Home Energy Assistance Program (LIHEAP) to expedite and ensure accurate utility payments for clients. By implementing automated batch processing, facilitated by Louisiana Energy Software (LES) to Excel, LHC has simplified its accounting practices while consolidating vendor payments for efficiency.

#### **Automation and accuracy: Using innovation to enhance payment processes**

LIHEAP is designed to help low-income households cover their home energy expenses, with assistance extending to heating and cooling bill payment, crisis bill payment, and repair or replacement of heating and cooling equipment. The LIHEAP program helps over 60,000 low-income clients across Louisiana with covering roughly \$45 million in utility bills annually, reducing the burden placed upon low-income households by high energy bills and costs for repair.

Determined to further improve the success of the program, LHC spent the past few years working on enhancing LIHEAP's payment process by delivering faster, more efficient utility bill assistance to households across Louisiana. LHC developed innovative ways to rework its internal processes, reducing the length of time it takes to complete utility payments for clients and lessening the potential for errors in processing along the way.

LHC implemented batch processing for utility bill payments by exporting payment files from LES into a spreadsheet for seamless upload into its accounting system. These files contain all payments due to vendors on behalf of LIHEAP clients. Once uploaded, the Accounting system consolidates one total. LHC's accounting team can then cut one check or automated clearing house (ACH) bill payment per vendor that combines all utility payments for LIHEAP customers. The Excel spreadsheet can then be used to cross-reference totals and ensure each vendor receives the correct payment total.

Ultimately, this new process has eliminated the need to mail individual checks to each vendor per client, making the processing of LIHEAP payments easier and more reliable for both the vendor and client.

To eliminate errors during client intake, LHC developed an account verification process in the LES software. Additionally, in partnership with Louisiana's largest electric vendor, an additional validation process takes place to further ensure accuracy prior to clients' payments being distributed to the vendor.

### **Adoptable across Louisiana: Process replicability**

Louisiana's statewide payment system serves as a testament to the scalability and replicability of internal process improvements implemented for LIHEAP. LHC was able to implement the LIHWAP program quickly. The innovative features and efficiencies achieved through the integration of LES can be adopted by other grant programs within the state to expedite processes. By streamlining tasks like application processing, payment generation, and data entry, LES enhances operational efficiency and accuracy, resulting in substantial cost savings. With LES ensuring compliance with regulatory requirements and reporting obligations, agencies can alleviate administrative burdens and mitigate the risk of penalties, ultimately advancing their mission to serve communities effectively. Through the adoption of these processes, agencies across Louisiana can emulate the success achieved in LIHEAP and propel energy assistance programs forward.

### **Diminishing disconnections: Addressing an important state housing need**

LHC recognizes that getting clients the aid they need begins with the success of its internal processes. By innovating and improving its LIHEAP payment process, LHC is working not only to prevent utility bill payments from being a burden on low-income households, but to ensure the process of diminishing utility burdens moves as quickly as possible. Shortening the timeline for payment processing lessens the chance of households experiencing disconnection of their utilities or even eviction as a result of delayed payments or closed utility accounts.

### **Accelerating payments: Demonstrated benefits to customers**

By revising and innovating the payment flow for LIHEAP transactions from clients to utility vendors, LHC has significantly reduced the turnaround time for payment processing. While it previously took 30 to 60 days for payments to be finalized, the process now takes only two weeks, reducing the possibility of clients' power being disconnected due to late or missed payments. As a result, clients can maintain power to their homes and avoid fees associated with reconnecting disabled utilities. The data population process within the system has been optimized, now taking just 15 minutes to populate data, enhancing overall efficiency. Furthermore, the system is equipped with rules and checkmarks that prevent the transfer of bad data, such as incorrect account numbers or Personally Identifiable Information (PII), ensuring data accuracy and security. Additionally, LHC can now send validation files to vendors to verify the accuracy of account numbers, further enhancing the integrity of payment transactions.

### **Praise from vendors: Success in the marketplace**

LHC's recent improvements to the LIHEAP payment process have shown promising results. The corporation is observing fewer mistakes in its data, which means smoother transactions overall. Plus, data is coming in faster and more accurately than before. Getting payments out quickly has been a game-changer, as fewer people are getting their utilities cut off, which saves LHC money on reconnection fees. Also, by sending electronic files instead of hardcopy printouts, LHC is making data upload easier for the utility companies, giving them clear records they can easily reconcile.

### **Investing in people: Benefits that outweigh costs**

To ensure the benefits of the improved processes outweighed the associated costs, LHC considered both financial and human impacts. While there were expenses involved in developing the client payment process and the sub-grantee reimbursement invoices, the true cost savings were found in a reduction of loss of benefits when payments weren't made expeditiously. Delayed payments could lead to closed accounts, eviction threats, and other hardships for individuals relying on these services. Additionally, the human impact could not be overstated, as sub-grantees might be forced to cut employees or struggle to make payroll if payments were delayed.

By investing in streamlining processes, LHC prevented these costs. Moreover, transitioning from vendor vouchers to electronic files saved LHC 16 man-hours weekly, reducing postage and administrative burden and allowing for more effective resource allocation. Ultimately, the benefits of faster payments mitigated financial risks and upheld LHC's commitment to providing efficiency for Louisiana households.

### **Internal focus: Effective use of resources**

Improvements to the LIHEAP program have come entirely from developments with the internal team using existing software, in comparison to the thousands of dollars an entirely new software would have cost.

By leveraging programs like Excel, LHC found significant success in drastically reducing turnaround times through simple existing tools and resources.

### **Engaging community organizations: Forming partnerships**

The success of the LIHEAP payment process comes through partnerships with 39 community-centered agencies across all 64 of Louisiana's parishes that act as sub-grantees, assisting LHC with identifying eligible clients, completing their applications, obtaining reciprocal data from vendors, and acting as case managers throughout a client's time in the LIHEAP program.

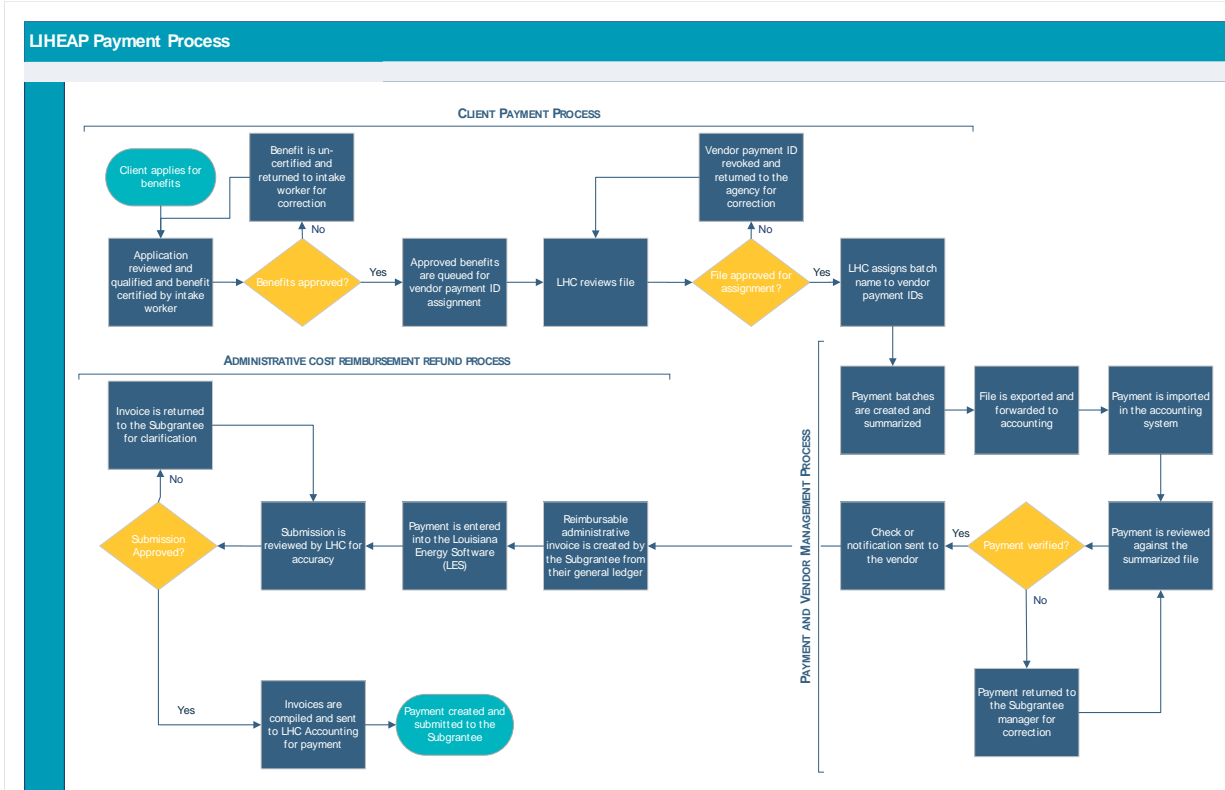
While partnerships first strengthen the efficiency of the LIHEAP program and process for payments made to utility vendors on behalf of clients, they more importantly help LIHEAP connect with clients in ways suited to their unique needs. Recognizing the diversity among Louisiana's parishes, with distinct interests, needs, and cultures, LHC engages community action organizations in each parish to strengthen program efficiency and connect with clients at their level.

### **Streamlining processes: Achieving objectives**

To achieve its strategic objectives, LHC is dedicated to continually refining its processes to enhance accuracy, efficiency, and the timeliness of payments, while simultaneously reducing manpower requirements. The ongoing focus is on improving automation to streamline operations and ensure accessibility for clients. By evolving its processes, LHC aims to optimize program effectiveness, enhance client experience, and fulfill its commitment to efficiently serve the community's energy needs.

### Visual Aids

View the process workflow below to see how LHC enhanced its LIHEAP payment process.



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Select the image below to watch a video testimonial about the Low-Income Home Energy Assistance Program on Vimeo.

